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The Branch-Store Supervisor—A New Training Field

T. D. ELLSWORTH AND JEANNE S. HULQUIST

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This article is based on a research survey conducted in the spring of 1956 by graduate students of the New York University School of Retailing as a part of their regular training in retail research. The committee members included: Alfred Friedman, Mary Jo Nelson, Alfred Vogel, and Sylvia Weiner. Mrs. Katherine Mitchell assisted Dr. Ellsworth with the direction and supervision of research.

Training programs for branch-store first-line supervisors differ somewhat from those being given to main-store supervisors, with many of the chief differences being due to the over-all responsibility entrusted to the branch personnel. Reporting stores with annual sales volumes of 20 millions and over indicate that techniques used in such training of branch-store supervisory personnel include a wider variety of training aids than those utilized by smaller stores with annual volumes under 20 millions. Differences in subject matter between the two groups of respondent stores show a greater emphasis among the larger stores on such areas of training as "human relations," "leadership and supervisory techniques," "principles of research," "labor relations," "role playing," and "case studies." The group of reporting stores in the smaller volume category, on the other hand, state a greater concentration on practical aspects of training through the use of such training devices as "field trips to other stores and sources," "job rotation," and "on-the-job training."

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Most stores within both size groupings, however, state that their respective managements provide for continuous training of branch supervisory personnel. From the comments of executives of stores in both these groups, it is evident, moreover, that training programs are constantly being reorganized in the attempt to formulate a curriculum that will provide for the optimum in both theory and experience in all the problems which will confront the branch-store first-line supervisor in the performance of his duties on this new frontier in retail managerial work. It is with the hope of analyzing the dynamics of current trends in training of branch-store supervisory personnel that the JOURNAL OF RETAILING presents in this issue the findings of a recent survey conducted by the Research Division of the New York University School of Retailing.

Previous Surveys in the Area

Research reveals that no previous surveys have been made dealing directly with the problem of training branch-store first-line supervisors in department and specialty stores. In 1951 Chin-Lin-Kwok presented a thesis based on a survey entitled, "Personnel Administration in Retail Branch Stores," [1] which had a section devoted to training. *Organization and Operation of Branch Stores,*[2] edited by Beatrice Judelle, also has a small section on training in branch stores. The same is true of *Branch Stores,*[3] by Edward M. Stanton. The major emphasis in all these studies is on the training of salespeople in branch stores, not on the training of first-line supervisors.

Definitions

The following definitions are used in this survey: (1) a "branch-store first-line supervisor" is defined as anyone in immediate charge of a selling department or group of selling departments in a branch store; (2) a "branch store" is defined as any additional unit of a department or specialty store existing within the normal trading area of that department or specialty store. This definition excludes affiliated stores, members of a chain, stores involving merely financial ownership, and branch offices where orders are taken. In this article, to avoid repetition, retail executives occupying the position of "branch-store first-line supervisor" are referred to as "branch-store supervisors."

Conduct of Survey

Using a list of departmentized stores compiled by Edward Stanton, of *Women's Wear Daily* (published December 27, 1955), the committee of graduate students mailed a 4-page questionnaire to 197 of the stores on the list on March 6, 1956. A follow-up letter and duplicate questionnaire were mailed on March 19, 1956. A total of 58 (slightly over 29 per cent) usable questionnaires were received; all ques-

[1] Chin-Lin-Kwok, "Personnel Administration in Retail Branch Stores" (Master's thesis, New York University, 1951).

[2] Beatrice Judelle (ed.), *Organization and Operation of Branch Stores* (New York: National Retail Dry Goods Association, 1952).

[3] Edward M. Stanton, *Branch Stores* (New York: National Retail Dry Goods Association, 1955).

tionnaires of unidentified stores were discarded since the rank ordering was done on the basis of two verified categories—stores with annual sales volume of under 20 million dollars and those with volume of 20 million and over. Twenty-six (or 45 per cent) of the respondents fell into the category of "small stores"; 32 stores (55 per cent), into the category, "large stores." The respondent stores are located in 29 cities throughout the United States and have branches ranging in number from 1 to 18. The 58 stores representing our sample operate a total of 161 branches, an average of 3.6 branches per respondent store.

It must be borne in mind that the sample considered in this study represents branch stores of department and specialty stores only. No attempt was made to study food, drug, or apparel chains since it was felt that the training problem of these stores was substantially different from that of department and specialty stores. Each store in the sample had its branches located within its own trading area.

PART I

DUTIES AND RESPONSIBILITIES OF BRANCH-STORE SUPERVISORY PERSONNEL

1. *More than 1 in 3 respondent stores hold their branch-store supervisors responsible for 5 or more departments.*

	Number of Departments Responsible for			
Respondents	*1*	*2 to 4*	*5 to 7*	*over 7*
Stores under 20 million	11%	42%	16%	31%
Stores 20 million and over	6	65	13	16
All	9	55	14	22

2. *The prime merchandising responsibility assigned by respondents to branch-store supervisors is "interstore transfer of merchandise" . . .**

	Type of Merchandising Responsibility						
Respondent Stores	*Ordering and Re-ordering Merchandise*	*Interstore Transfer of Merchandise*	*Marking*	*Sales Volume*	*Pricing Merchandise and Markdowns*	*Returns to Vendors*	*Other*
Stores under 20 million	46%	85%	31%	77%	54%	19%	4%
Stores 20 million and over	72	94	34	78	50	22	13
All	65	90	33	78	52	22	9

* This and all subsequent tables similarly marked do not total 100% since multiple responses were given.

3. . . . the prime personnel responsibility—"employee discipline and supervision" . . .*

Respondent Stores	Type of Personnel Duty: Initial Training (Sales and Stock)	Merit Rating and Counseling	Discipline and Supervision	Scheduling of Work and Vacations	Hiring and Firing	Other
Stores under 20 million	69%	65%	100%	81%	35%	—%
Stores 20 million and over	41	78	100	87	13	25
All	54	73	100	85	22	14

4. . . . the prime service responsibility—"maintenance of physical appearance of department area and the handling of all personal visit adjustments . . .*

Respondent Stores	Type of Service Duty: Returns, Adjustments, and Complaints (Walk-ins)	Mail or Phone Complaints	Authorization of Special Transactions	Maintenance	Other
Stores under 20 million	85%	58%	65%	92%	4%
Stores 20 million and over	100	75	72	97	3
All	93	67	69	95	3

5. . . . and the same proportion of stores judge display procedures to be the prime sales promotion duty of branch-store supervisors.*

Respondent Stores	Display	Requesting Space for Newspaper Ads	Writing Ad Copy	Planning Special Promotions	Other
Stores under 20 million	85%	1%	4%	15%	4%
Stores 20 million and over	97	22	6	34	3
All	91	21	5	26	3

6. Lines of responsibility to the main store were less evident among the larger respondent stores.

Respondent Stores	Supervisor Responsible to Anyone in Main Store: Yes	No	At Times
Stores under 20 million	58%	19%	23%
Stores 20 million and over	47	37	16
All	52	29	19

PART II

THE TRAINING PROGRAM ITSELF

7. *Most respondents train their branch-store supervisors in both main and branch stores . . .*

Respondent Stores	In Main Store	In Branch Store Assigned	In Another Branch Store
Stores under 20 million	72%	65%	15%
Stores 20 million and over	78	83	16
All	78	78	15

8. . . . *and provide for continuous training of the supervisor . . .*

Respondent Stores	Restricted to Initial Training	Provided for Continuous Training
Stores under 20 million	25%	75%
Stores 20 million and over	28	72
All	26	74

9. . . . *when his branch-store manager deems it necessary.*

	Who Decides Necessity for Further Training				
Respondent Stores	Supervisor's Immediate Superior	Branch-Store Manager	Branch-Store Training Representative	Main-Store Training Representative	Other
Stores under 20 million	61%	61%	—%	44%	17%
Stores 20 million and over	38	86	33	29	19
All	49	75	18	36	18

10. *Most respondents provide identical training programs for both branch- and main-store supervisors . . .*

	Provide Different Training Programs for Main and Branch Supervisors		
Respondent Stores	Yes	No	No Answer
Stores under 20 million	35%	61%	4%
Stores 20 million and over	28	69	3
All	31	66	3

11. . . . *emphasize store policies and systems . . .**

Subject Matter	*Respondent Stores* — *Stores Under 20 Million*	*Stores 20 Million and Over*	*All*
Human relations	69%	94%	83%
Leadership and supervisory techniques	54	97	78
Store policies, history of store	88	91	90
Merchandising principles, and arithmetic	85	78	81
Advertising principles and principles of display	65	63	64
Systems and procedures	81	94	88
Labor relations	15	34	26
Color and design; fashion co-ordination	27	41	35
Principles of research	4	9	7

12. . . . *currently employ on-the-job and lecture methods of training . . .**

Technique of Training	*Respondent Stores* — *Stores Under 20 Million*	*Stores 20 Million and Over*	*All*
Lectures by training personnel and store executives	62%	94%	79%
Group discussions	42	66	55
Individual conferences with store executives	81	62	71
Field trips to other stores and sources	42	31	36
College courses	8	6	7
Case studies	4	22	14
Role playing	8	31	21
Training manuals	35	87	64
Visual aids	19	41	31
Job rotation	42	31	36
On-the-job training	93	85	86

13. . . . *but change these methods frequently.**

Respondent Stores	*Changes Made in Training Program* — *Plan of Training*	*Length of Program*	*Methods of Training*	*Subject Matter*	*Other*
Stores under 20 million	29%	29%	86%	—%	—%
Stores 20 million and over	9	36	55	27	27
All	17	33	67	17	17

14. . . . *because of more stress on training as a store policy . . .***

Respondent Stores	Reason for Changes: Increased Number of Branches	Development of Training in Branches	More Stress on Training as Policy	Financial Factors	Inadequacy of Previous Program	Other
Stores under 20 million	44%	11%	44%	11%	11%	—%
Stores 20 million and over	18	18	73	—	91	18
All	30	15	60	5	55	10

15. . . . *and about 2 in 5 of all respondents say they may consider further training changes.*

Respondent Stores	Yes	No	Undecided
Stores under 20 million	18%	55%	27%
Stores 20 million and over	19	62	19
All	19	58	23

PART III

THE STORES EVALUATE THEIR TRAINING PROGRAMS

16. *Many respondents state that they never evaluate their training programs . . .*

Respondent Stores	At Regular Periods	At Irregular Periods	Never
Stores under 20 million	37%	26%	37%
Stores 20 million and over	39	42	19
All	38	34	28

17. . . . *even though a majority detect weaknesses in their respective training programs.*

Respondent Stores	Yes	No	Uncertain
Stores under 20 million	77%	14%	9%
Stores 20 million and over	54	33	13
All	65	24	11

18. *Nearly all respondents evaluate branch-store supervisors' job performance . . .*

Respondent Stores	*Regularly*	*Irregularly*	*Never*
Stores under 20 million	65%	31%	4%
Stores 20 million and over	74	22	4
All	70	26	4

19. *. . . and rate their current training programs as enabling branch supervisors to do an adequate or better job . . .*

Respondent Stores	*A Superior Job*	*An Adequate Job*	*An Inferior Job*
Stores under 20 million	16%	80%	4%
Stores 20 million and over	41	59	—
All	29	69	2

20. *. . . and consider their training programs invaluable.*

Respondent Stores	*Invaluable*	*Of Great Value*	*Sometimes of Value Sometimes Not*
Stores under 20 million	40%	52%	8%
Stores 20 million and over	61	26	13
All	52	38	10

Discussion

During the past decade, leading department and specialty stores have undergone an enormous and unprecedented expansion in the area of branch stores. This expansion is still going on and shows no sign of abatement. Many stores had no previous experience in operating branch stores. They soon found that they had problems which could not be solved by methods applicable downtown. Even those stores that had branch experience soon discovered, as they expanded into new units and as they tried to answer the challenge of new competitors, that changing conditions were creating new problems for them which were difficult to solve.

One of the major problems that emerged was the training of supervisors in the branch store. It soon became apparent that the branch-store supervisor was to have many more duties and responsibilities and was to operate on a broader scale than his counterpart in the more highly specialized main store. How to train this man to do his job efficiently has become a major problem facing department and specialty stores today. As stores continue to expand their branch-store operations, this problem will, in all

probability, become even more complex. This survey was undertaken in an attempt to shed at least a little light on this perplexing training problem.

Findings

The completed questionnaires analyzed in this study contained numerous requests for information to be given without rigidly categorized (ordered or dichotomized) responses being expected. Generally, this type of request took the form of open-end questions or direct queries, *i.e.*, "What do you think . . . ?" The 58 respondents who complied with our requests included the personnel or training director of the store, controller or treasurer, merchandise manager, and, in a few cases, the vice president, general manager, and even president. In addition to giving basic responses, these executives offered keen comments; some of the more pertinent are reproduced here.

First, the respondents find diversified duties of branch-store supervisors preclude training identical with that of main-store supervisors.

Regarding the *uniqueness* of content in training programs for branch-store supervisors, as differentiated from programs for regular main-store supervisors, management officials said:

"Our main-store supervisors have only one department or area and are responsible for buying and control, while the branch supervisors do not buy but must be trained to handle other responsibilities such as records maintenance, floor coverage, and the many forms of more casual customer service. . . ."

Second, on the whole, the respondents are tending to intensify and lengthen their training programs.

In commenting on *changes* made in training branch-store supervisors since the openings of the branches, one retail executive had this to say: "Our first training proved inadequate; we've added a second term and developed a manual."

One training director blueprinted the changes his store had made in this way: "We've had to develop regular meetings covering various parts of our retailing program—merchandising, employee relations, customer relations, fashion co-ordination, display, policies, grooming, advertising, and knowledge of fabrics!"

It is worthy of note that under the category, "length of program," only one respondent store shortened the length of its training program for branch-store supervisors. Most stores indicated a need for additional length and breadth of training.

Those respondents who categorized their training programs as "continuous," described the training operation as relying in the main upon periodic meetings, reviews, and checkups in order to determine the extent of the need for further training:

"Weekly staff meetings . . . frequent contact with buyers and merchandise managers from the main store who visit each branch . . . weekly classroom lectures, seminars, and individual conferences . . . scheduled group meetings for the introduction of new policy or system changes."

Third, the respondents plan to add additional training techniques.

As far as *contemplated further*

(*Continued on page 199*)

Store Press Publicists and Their Work on the Women's Pages[1]

STEVEN J. SHAW
University of Florida

During the spring and summer of 1954, Dr. Shaw surveyed the store press publicity of major New York stores. Additional information was gained through personal interviews to determine the characteristics of successful press publicity and the traits of successful store publicists. The results of this survey should serve as a helpful check to retailers upon their own current efforts in publicity. Tabulated material includes specific survey results, as well as organization charts of two leading New York stores.

One of the major activities of department- and departmentized specialty-store press publicists is that of getting new merchandise editorially illustrated on the women's pages of metropolitan newspapers. A study of the women's pages of one leading New York City newspaper revealed that a total of 977 such merchandise illustrations appeared on its pages during 1953, with several stores receiving over 100 illustrations apiece. Table I lists, under four merchandise classifications, the number of illustrations that 16 New York City stores received from the women's page editors of this newspaper.

This and other significant information was gained by the writer through a series of studies of store press publicity during the spring and summer of 1954.

Nature of the Studies

Information was gained principally through four investigations. The first was an exploratory survey in which the views of 30 New York City store publicists were elicited by student interviewers from a senior class in retailing at Fordham University. With information gained from this pilot study, a press publicity questionnaire was constructed and mailed to 28 department-

[1] Based on "Retail Press Publicity with Major Emphasis on Merchandise Publicity Found on Women's Pages of Newspapers" (Ph.D. dissertation, Graduate School of Business Administration, New York University, 1955).

store members of the Associated Merchandise Corporation. Thirdly, the writer counted the number of merchandise illustrations that were credited to stores by the women's page editors of three leading New York City dailies. Finally, additional information was gained by the writer through personal interviews with ten store press publicists in New York City.

Factors Determining Number of Store Mentions

While space on women's pages is restricted to advertisers, a metropolitan newspaper may have many department and departmentized specialty stores competing for merchandise illustrations. Each of the competing stores qualifies for a certain number of these illustrations within a maximum-minimum range. The exact number is determined largely by the following factors: (1) the size of the store's advertising schedule, (2) the newsworthiness of the store's merchandise, and (3) the competence of the store's press publicity staff.

Advertising linage is the most important factor in the determination of the number of merchandise illustrations a store receives, but even a large advertiser must maintain a competent press publicity staff that can judge the newsworthiness of merchandise. Also, store publicists have an easier time in meeting the requirements of women's

TABLE I

Count of Merchandise Illustrations Appearing on the Women's Pages of the New York Journal-American, Classified by Type of Merchandise, January-December, 1953

	Number of Illustrations				
	Fashion Apparel	*Home Furnishings*	*Fashion Accessories*	*Cosmetics*	*Total Mentions*
Store 1	58	21	21	18	118
2	54	34	19	11	118
3	58	27	15	12	112
4	53	24	13	9	99
5	45	14	7	13	79
6	20	19	9	15	63
7	50	0	10	1	61
8	38	2	9	4	53
9	42	0	5	5	52
10	31	11	0	5	47
11	40	0	4	2	46
12	37	0	3	2	42
13	29	1	7	2	39
14	28	2	5	3	38
15	6	0	0	1	7
16	2	0	0	1	3
Total	591	155	127	104	977

page editors when their stores specialize in trend-setting fashions and home furnishings.

In Table II, high-, medium-, and low-fashion stores have been grouped together to illustrate the fact that advertising linage is not the sole determinant of the number of a store's women's page illustrations. The 16 stores in this table are ranked from high to low according to their cumulative advertising linage in three leading New York City newspapers. This arrangement shows that as advertising linage decreases, there is a tendency for the number of merchandise illustrations to decrease also. However, significant deviations are evident in the case of four stores—stores E, F, K, and N. Stores K and N, while ranking only eleventh and fourteenth in advertising linage, stand fifth and eighth in women's page illustrations. The signal achievement of these two stores can at least be credited partially to the fact that they both specialize in high-fashion apparel and accessories and have two of the largest and most competent press publicity staffs among New York City stores.

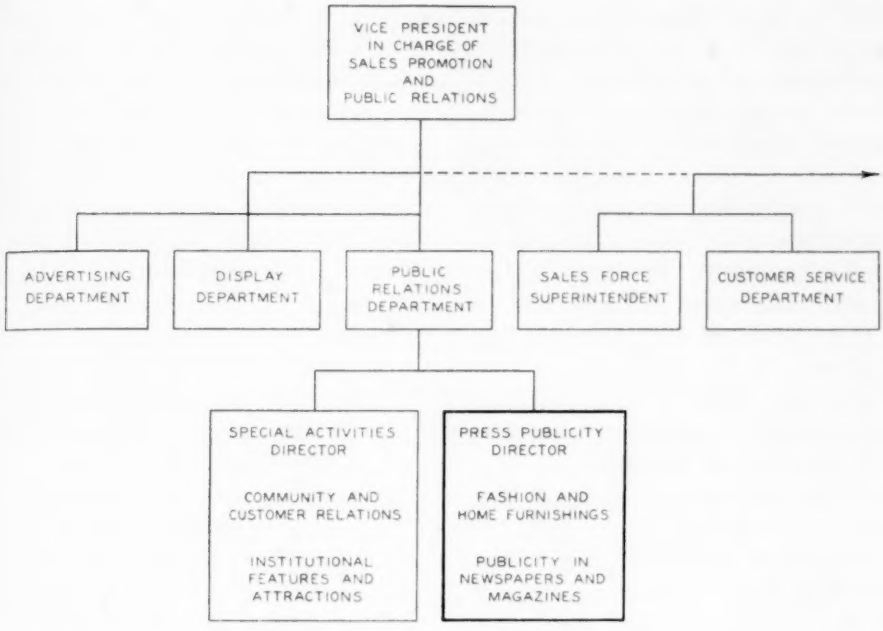
On the other hand, the writer discovered that the relatively low rank of stores E and F in women's page illustrations was largely due to the fact that neither of the two stores had a press publicity staff in 1953. In both stores press publicity was handled by an already overworked advertising department.

TABLE II

Rank of 16 Manhattan Department Stores by Cumulative Linage and Merchandise Illustrations in the* New York Herald Tribune, The New York Times, *and the* New York Journal-American, *January through December 1953

	Total Ad Linage [1]	*Total Merchandise Illustrations*	*Rank in Illustrations*	*Rank Ad Linage*
Store A	3,395	294	3	1
B	1,904	322	2	2
C	1,639	357	1	3
D	1,578	224	4	4
E	1,416	115	12	5
F	1,393	137	11	6
G	952	207	6	7
H	824	138	10	8
I	808	111	14	9
J	778	190	7	10
K	721	210	5	11
L	687	181	9	12
M	665	110	15	13
N	626	187	8	14
O	447	112	13	15
P	190	13	16	16

[1] Thousands omitted.



Organization Chart of Sales Promotion Division

FIGURE 1

Store Organization for Press Publicity

Press publicity operates under many aliases. Both the writer's mail survey of leading department stores throughout the country and his personal observation of the organizational setups of press publicity in some of New York City's major stores revealed a wide variety of descriptive appellations such as sales development, institutional publicity, feature publicity, fashion coordination and publicity, public relations, or just plain fashion publicity.

While there is a wide variety of nomenclature, the activities of store press publicity bureaus are largely the same. Moreover, these activities have become so important to the stores that many of them have divided their press publicity organizations into two or more sections, with trained specialists at the head of each. One specialist might be responsible for fashion publicity and work exclusively with fashion editors. A second expert's activities might be limited to the sphere of home furnishings, and this expert would work with the home furnishings editors. A third specialist might be in charge of planning and executing the many feature events and attractions that dramatize both fashions and home furnishings, and which frequently set the stage for their publicity.

While the descriptive material pre-

sented in the previous section gives a general picture of how press publicity is organized, the clearest way to indicate the interrelationship of this function with the other functions of sales promotion is through an organization chart. Such a diagram gives a single, visual presentation of the entire organization in miniature. It clearly depicts the lines of authority and responsibility of each individual from the president on down.

Obviously, there is no single, ideal organizational structure for press publicity that can be recommended as a model for all stores to follow. The ideal organization is custom-built. It is designed to meet the needs of the individual store. However, in determining a store's individual needs, it is helpful to analyze the diagrammatical groupings of functions adopted by some of the leading department and departmentized specialty stores.

Figure I sketches the 1954 organizational structure of the Sales Promotion Division of one of the largest department stores in New York City. The chart gives a detailed breakdown of their newly organized public relations department, which replaces an older special purpose publicity department. Under the new organizational setup, a vice president is in charge of both sales promotion and public relations. This change reflects the importance of public relations in the top-management thinking of the store.

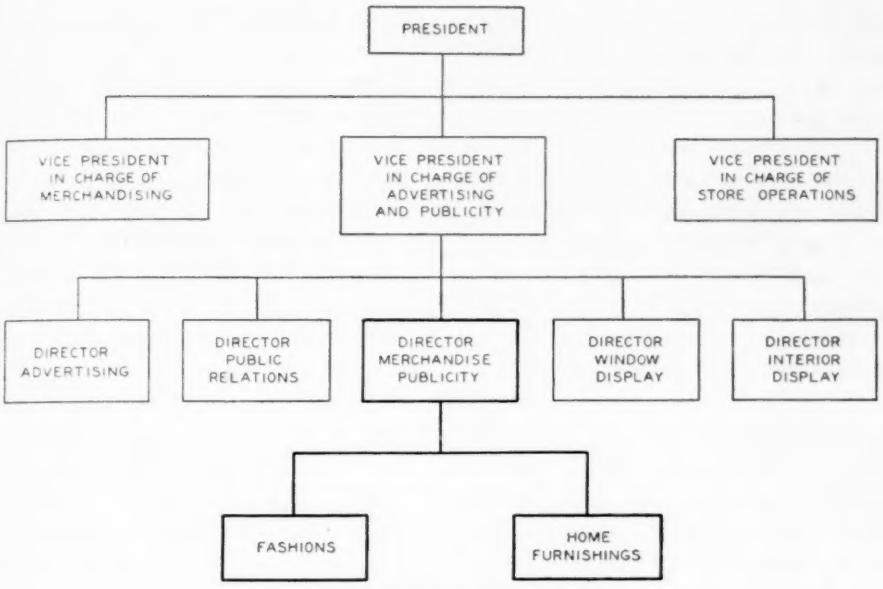
The public relations department is divided into two sections—special activities and press publicity. The director of special activities specializes in community and customer relations and in institutional features and attractions.

The director of press publicity is concerned mostly with the handling of fashion and home furnishings publicity in newspapers and magazines. This specialist is assisted by several fashion and home furnishings experts. The presence of a separate merchandise publicity section indicates that this store spends considerable effort in the placement of fashion and home furnishings illustrations in newspapers and magazines.

The public relations director reports directly to the vice president in charge of sales promotion and is on an equal footing with the advertising director. This setup precludes the possibility of any undue pressure from the advertising department about the specific items of merchandise that should be selected for press publicity. This healthy separation of press publicity from advertising fosters an atmosphere that enables the press publicity bureau to cultivate and maintain friendly relations with women's page and magazine editors.

Figure II sketches the 1954 organizational structure of a large departmentalized specialty store which specializes in trend-setting merchandise. As might be expected, this high-fashion store seems to place even more emphasis on free merchandise publicity than does the department store in Figure I, to judge from the fact that its merchandise-publicity bureau is on a separate, equal footing with the public-relations section.

A few years back, this specialty store had a setup similar to that of the department store of Figure I, with the fashion and home furnishings staff reporting to the public relations director.



Organization Chart

FIGURE 2

However, very recently it was decided that more effective results could be achieved by separating fashion and home furnishings publicity from public relations and having this section report directly to the vice president in charge of advertising and publicity.

With this specialization, the lines of responsibility are more sharply defined. The director of merchandise publicity is concerned only with getting the store's trend-setting merchandise into the publicity spotlight, while the public relations director specializes in planning, staging, and publicizing the store's numerous community and customer activities.

Qualities of an Able Store Publicist

Table III on page 173 summarizes the opinions of the surveyed press publicists regarding what special talents and personality traits constitute the make-up of an ideal store publicist.

In the opinion of these publicists, the possession of a pleasing personality is the most important quality. Since an individual's personality is a combination of many mental and physical characteristics—such as tact, friendliness, integrity, enthusiasm, patience, health, and personal appearance—it is understandable why a "pleasant personality" rated first in the opinion of experienced store publicists.

The "ability to sense customer response" was the second most frequently mentioned trait for success in press publicity. The store publicist must develop a knack of going beyond personal preferences and be able to look at merchandise through the eyes of store

customers. The wide-awake publicist, like her advertising counterpart, must keep her eyes and ears attuned to customer likes and dislikes. Her mission is largely educational. If she is aware of people's needs and wants, she can direct their attention to the superiorities of new products in meeting these needs and wants. Moreover, the alert publicist must think in terms of the newsworthiness of merchandise. Is the new fashion really trend setting? A buyer or advertising manager might recommend several items for press publicity. However, since the space available on the women's pages is so limited, the store publicist must be able to select the one or two items that will create the greatest interest and bring the most response from women's page readers.

"Ability to get along with people" was the third most frequently mentioned trait by the surveyed store publicists. In the opinion of the writer, this trait is really a part of the first characteristic that has already been discussed; namely, the possession of a pleasing personality. However, since so many press publicists singled out this trait for special mention, it must be one of the most important elements in the personality make-up of a store publicist.

As might be expected, "writing ability" was mentioned frequently by store publicists. To be able to stir the imagination of readers requires a flair for writing press releases. Although a head of store press publicity may have one or two copy writers as assistants, this individual must have a thorough grounding in journalism. Writing ability is considered to be so important that there is a tendency on the part of stores to hire as press publicists only persons with considerable background in newspaper or magazine work.

Hard work is an essential ingredient for success in most fields of business endeavor, and there is little need for further elaboration of this trait.

Having influential friends is always a factor of some importance. When friendly relations grow out of years of experience and legitimate business contact, then there is nothing unethical in the resultant influence. Often, however, this term is used to refer to an unfair advantage enjoyed by an individual due to family or political connections. It is pleasing to note that this factor was mentioned infrequently by store publicists, and ranks relatively low in Table III.

Having the kind of mind that sparks ideas is obviously an asset to a press publicist. It takes considerable imagination to lift a new product out of obscurity. It is surprising that this quality was not mentioned more frequently.

Personal appearance was enumerated by some respondents. Very likely, this feature was not mentioned by more publicists because it is commonly taken for granted that an executive must be well groomed.

A number of qualities such as "good memory" and "good listener" were put in the miscellaneous category as these qualities were mentioned only by one or two respondents.

Activities of Store Press Publicists

The duties of a store press publicist range in importance from the simple daily routine of sending press releases to the very complex assignment of

TABLE III

Traits Contributing to the Success of a Store Press Publicist

Trait	*Frequency of Mention*	*Percentage of Total*
Pleasant personality	26	18.6
Ability to sense customer response	24	17.1
Ability to get along with people	22	15.7
Writing ability	17	12.1
Hard work	14	10.0
Influential contacts	12	8.6
Imagination	10	7.2
Personal appearance	9	6.4
Miscellaneous	6	4.3
Total	140	100.0

planning and "publicizing" feature events.

The writer's surveys revealed that store press publicists send anywhere from 2 to 24 news releases per week. In most instances, these publicists are responsible for writing releases concerning all phases of the store's activities. Personnel news, financial reports, policy changes, announcements of expansion, promotions, and executive addresses are all reported to the press—newspapers, magazines, radio, and television.

In addition to the daily handling of routine news, the store publicity staff generally plays an active role in planning and staging the various merchandise features and attractions that the store puts on for its customers. On the basis of survey answers, fashion shows are the most frequently sponsored feature attraction. For instance, the press publicist of one mid-western department store stated that this store stages approximately 40 fashion type presentations each year.

Second to fashion shows in frequency of promotion are various types of children's attractions, such as Christmas Santa Claus and Easter Bunnyland. Art exhibits are also very popular with the stores. Foreign merchandise fairs, table-setting contests, and parades rated several mentions.

To ensure some press publicity, editors are invited to a party or a tea at which they are given an opportunity to preview the high lights of the merchandise feature or attraction several days before the public is admitted. On the day following the preview, the women's pages generally carry a brief review of the coming store event.

In New York City, stores, designers, and manufacturers register the dates for their press parties and shows with *Fashion Calendar.* This publication is issued weekly, and stores list their major shows and attractions two and three months in advance in order to ensure a choice date. Through the services of *Fashion Calendar,* two stores in the same location can arrange their press showings for the same morning by staggering the hour. This

arrangement enables the press representatives to cover both previews and still meet their publication's early afternoon deadline.

In addition to merchandise features and attractions obviously designed to sell merchandise, the store publicists reported that they are called upon for leadership in many community projects with more of a public relations overtone. Charity card parties, school tours, lectures, and sports tournaments are some of the community activities that were reported by the surveyed store publicists.

Placement of Store Merchandise News on Women's Pages

The evolution of the women's page from the society page of metropolitan newspapers is of recent origin. During the 1930's, special food columns were introduced as an extra feature of the society page. Then fashion, home furnishings, and beauty news were added, and shortly after 1940 the women's page developed as a separate entity.[2]

Today the women's page is edited by a special staff of experts on food, fashion, home furnishings, and other merchandise of interest to homemakers. These experts study merchandise developments in the wholesale markets and report the arrival of new products in the local stores. The new merchandise is attractively illustrated on the women's page and usually the pioneering store is given a credit line. There is, of course, keen rivalry among stores for merchandise illustrations and credit lines.

One of the store press publicist's most difficult tasks is that of selecting news-worthy merchandise for the women's pages of newspapers. As can be seen in Table II, some of the larger New York City stores received several hundred merchandise illustrations from the women's page editors of three New York City newspapers in 1953. Obviously, to keep up the women's page mentions of stores from one year to another calls for a great deal of imagination and news sense.

An expert press publicist must be able to see merchandise from the viewpoint of women's page readers. Is the product really something novel that these readers would like to know about? While a store publicist, as a rule, cannot go into the wholesale markets to select trend-setting merchandise for press publicity, she can work very closely with store buyers and influence their judgment. As the feature publicity director of one leading department store in New York City expressed it, many buyers are too unimaginative to select merchandise that will gain attention when featured on the women's pages, and they have to be assisted by a fashion co-ordinator or publicist when buying merchandise for editorial publicity.

According to the experience of this store's feature publicity director, the greatest reader response comes from small, novel imports, such as chestnut roasters, bird cages, or unique serving dishes.

While small items bring the greatest reader response, the stores also like to

(Continued on page 198)

[2] Letter from Eleanor Clark French, Women's News Editor, *The New York Times*, April 28, 1954.

The Local Nature of Chain-Store Operations*

JULES BACKMAN

Professor of Economics, New York University

In this article, the second of a series, Dr. Backman discusses the local nature of the retail operation and how it affects several distinct factors of operation: the degree of initiative and responsibility required of branch managers; the nature of merchandise offered; the prices charged; and the wages paid. Quoting from the stated policies of such organizations as J. C. Penney, Allied Stores, Federated Stores, F. W. Woolworth, and others, he illustrates, in detail, how the local factor must be recognized and manipulated for best results in each of the above categories.

The predominant characteristic of retailing is its local character. This is inevitable because the retailer stands at the end of the production and distribution line. It is his function to make goods and services available to the ultimate consumer. Although the automobile has increased the area in which a consumer may shop, the overwhelming bulk of all purchases is made within a small distance from his home. While some citizens living close to the border of a state may cross state lines for some purchases, ordinarily purchases are made preponderantly within the state of residence. Most retail stores—small and large alike—draw their traffic from the immediate area and, whether a chain store or an independent, cater to a large extent to neighborhood business.

The structure of the retail market in the typical urban community usually includes a central shopping district, secondary shopping centers, and neigh-

* Marvin Levine, instructor in economics at Brooklyn College, and Daniel E. Diamond, instructor in economics at New York University, assisted in the survey of annual reports and other company literature.

borhood business streets. In addition, area or regional shopping centers—often in the suburbs—are being developed on an increasing scale. Chain stores usually may be found in all these "clusters of stores."

Local Labor Supply

The labor supply for a retail store is drawn from the local labor market. Wages, store hours, and other working conditions are usually determined by local conditions and practices. Most other expenses, such as rents, utilities, advertising, etc., are determined by local conditions. The type of merchandise offered for sale is influenced by local tastes and habits.

Raulston G. Zundel has pointed out:

> *"Both the product and the labor markets of retail stores are localized and highly competitive.* Relatively low capital requirements make entry into the industry comparatively easy. While large-scale organization using new mass-distribution techniques has proved successful, there has remained ample scope for the operation of very small enterprises." [1] (Italics added)

The typical chain store is fully aware of the local nature of its business. The following excerpts taken from the annual reports of important retail organizations indicate their view of the general nature of these operations.

J. C. Penney Company, Inc.:

"The Penney store manager is a merchant *in his own right.* He has been thoroughly trained and tested in Penney stores before he is appointed to management. *The Company furnishes the store and the fixtures, but the manager operates that store. The Company furnishes services covering advertising and sales promotional material, but the manager uses these in the ways most effective in his local community.* The Company's buyers scour the markets for the pick of the nation's merchandise, but *the manager selects therefrom the actual merchandise for his own store in the kinds, quantities, and qualities that he needs.* The Company furnishes assistance in accounting forms and methods in employment and training matters, in all phases of store operation, but the manager is responsible for their use. The Company encourages managers to participate in worthwhile community enterprises and organizations, but the manager, himself, determines the manner and extent of such cooperation. Because the Penney manager's earnings are, in large measure, determined by his share of the profits earned in his store, he is, in a very real sense, working for himself. The Penney manager knows also that the opportunity for advancement and for larger responsibilities is as large as is this Company. The result of this principle of operation has been to build a group of Penney managers of whom we all can be proud." [2] (Italics added)

* * *

"In our business, with 1,632 stores operating over a vast area under a minimum of centralized

[1] Raulston G. Zundel, "Conflict and Co-operation Among Retail Unions," *The Journal of Business,* October 1954, p. 302.

[2] *Annual Report,* December 31, 1949.

control, the most important single factor is—people." [3]

Allied Stores Corporation: "The executive personnel of an individual store owned by the Company is very similar as to number, caliber and function to that of independently owned and operated department stores of like size and character. *The form or organization is usually changed but little when an independently owned store is acquired by the Company. Activities of the central organization are directed toward making the efforts of the individual store executives more effective, rather than toward minimizing the need for them.*

"In general, the merchandise and promotional appeal of the individual stores owned by the Company is the same as before they were acquired. Effort is directed to intensifying and increasing the effectiveness of each individual store's operation in accordance with its established character rather than to change this appeal in character in order to standardize as between stores. The importance of treating each store as a separate and distinct unit with characteristics and problems peculiar to itself and its community is stressed throughout the Company's operation.

"Merchandise sold in a store may be selected and purchased by a buying executive of that store, by a group of such executives from several of the stores, a similar executive of one of the Company's buying offices or by a combination of the efforts of store and buying office executives. The exact method used varies widely by lines of merchandise and is dictated primarily by the importance of the item and the characteristics of the merchandise and the markets from which it is obtained. Regardless of the particular method used in the selection of an item and the negotiations of terms of purchase, questions of quantities and timing remain the primary responsibility of the executives of the individual store.

"The chief management executives of the Company's home office work closely with the chief executives of the stores in advisory and supervisory capacities. Such work is concentrated in the fields of policy, principles of operation, organization, executive personnel and its development and planning. For this purpose the stores are divided into management groups. Size, character of operation, and geographical location are factors considered in this grouping of stores." [4] (Italics added)

* * *

"Each store, with its branches, is operated separately under the immediate supervision of the local management. Allied maintains an over-all control with respect to all of the stores and works with the management of each particular store in the formulation of policies. . . . A specialized staff is maintained in the central office of New York City providing services for all of the stores in such fields as taxes, insurance, accounting systems and methods, consumers' credit, statistical analyses and forecasting, personnel, supply purchasing, plant maintenance and improvement, store planning, display, sales promotion, and general

[3] *Annual Report*, 1952.

[4] *Annual Report*, 1950, for the year ended January 31, 1951, pp. 32-33.

research on merchandising and store operation problems." [5] (Italics added)

Federated Department Stores, Inc.: "Corporate simplification will effect operating economies and enables the Company to manage its financial affairs more efficiently. The change, however, in no way alters *the policy which the Company has followed since its organization. This policy emphasizes the independence of local store managements.* They continue to be responsible for purchasing, merchandising, personnel, services to customers and all operating functions. Store autonomy is one of the distinguishing characteristics of the Federated group. It enables the stores to adjust quickly to changing conditions and has promoted enterprise in their operation. It has proved to be a dynamic policy, contributing substantially to the Company's strength." [6] (Italics added)

* * *

"If a community grows, retailing grows, but for a particular store to grow at a rate commensurate with the community, it must recognize and supply the customer preferences of that community. Each of the Federated stores, as it has grown, more and more reflects the character of the community.

"For example, Abraham & Straus is as much a part of Brooklyn as the Dodgers. When Brooklynites moved to the suburbs, they usually moved to Long Island. When A & S decided to open branch stores, it moved to Long Island where the people by tradition already liked to shop at A & S. In fact, customers liked the new Hempstead, Long Island, branch so much that within two years after it opened, the store, already the largest branch store in the east, expanded so that in December '54 a whole new floor was opened, increasing the selling area of this branch store by more than one third." [7] (Italics added)

F. W. Woolworth Co.: ". . . customers' preferences, expressed in cash purchases, determine the actual selection of merchandise offered in all Woolworth stores. As 1954 opens, Woolworth customers have thousands of items of merchandise from which to choose. But not all of these items will be available at any one Woolworth's. *The selections offered by the manager of each store are determined by the preferences of his particular customers by sales, and in the case of new lines, by his own anticipation of customer demand, based on experience.*

"For, paradoxically, *Woolworth, one of the world's largest retail companies, is essentially local in nature. Its entire business can be reduced to a local customer making an individual purchase in a local store.* And almost every aspect of that store from the sales transaction itself all the way back to the very inception of the establishment, is local." [8]

G. R. Kinney Co., Inc.: "The term 'Manager' is a misnomer, for the individual in charge of a store today is more than that name implies. He is a Merchant; he is a

[5] *Annual Report,* 1954, pp. 21 and 23.

[6] *Annual Report,* 1949, for the year ended January 28, 1950, p. 7.

[7] *Annual Report,* 1954, for the year ended January 29, 1955, p. 6.

[8] F. W. Woolworth Company, *Woolworth's First 75 Years,* 1954, pp. 35, 40.

Store Executive. However, the title 'Manager' has been used so exclusively for so long that a person placed in charge of a store more or less inherits the title with it, undescriptive and incorrect though it may be.

"A manager is in direct charge of his particular store and is responsible not only for its success but for everything pertaining to that store, including equipment, merchandise, employees, and the preparation of the numerous reports.

"*Store Manager*—in addition to qualifications for Assistant Manager should be able to:

1) Select and train effective salesmen and direct their activities for maximum store volume.
2) Accurately forecast weekly sales volume so store may be operated most efficiently for maximum profit.
3) Know exactly all special merchandise requirements for his store.
4) Exercise rigid control over store operating expenses.
5) Maintain accurate store operating records.

"When a vacancy occurs in a store crew, the store manager must find a new person to fill that vacancy. Not only must this be done quickly, but the manager must make an earnest effort to obtain *THE BEST QUALIFIED REPLACEMENT* to fill that vacancy. This is only possible when the manager has several candidates for the job from which to choose; which means, in turn, that the manager must have at his fingertips at least one good source, preferably several sources, for prospective employees." [9] (Italics added)

Similarly, Arthur Tremain, retail store manager of Montgomery Ward & Company, has noted that:

> "Many chains attempt to encourage individual managers to assume certain personal responsibilities, and to act on their own initiative in accordance with the policies of the home, regional, and district offices. In this way the management of the local chain store is similar to the independent store management. . . ." [10]

The chain store operates a number of local establishments which must be responsive to local needs if they are to survive. It is because they recognize this fundamental fact that so much authority is delegated to the local management.

One interesting illustration of the local nature of these operations is found in connection with advertising. Newspapers usually have what are called local rates for retailing establishments. Both chains and independents are treated alike in the application of these rates. The advertising trade recognizes the local nature of retailing. *Editor and Publisher* magazine has noted the importance of local responsibility in connection with Sears, Roebuck's operations:

> "From a newspaper advertising standpoint, the past year was not marked by any significant changes

[9] G. R. Kinney & Co., Inc., *Standard Practice Manual.*

[10] Arthur Tremain, *Successful Retailing* (New York: Harper and Brothers, 1951), p. 19.

in Sears' ad policy. The company continues to provide its stores with a periodic newspaper advertising mat service prepared by the national office. *Ultimate responsibility for acquisition of white space at the local level continues to rest with local retail stores and groups.*" [11] (Italics added)

Branch Stores Reflect Local Nature of Retailing

Even the largest stores must be located close to the customer or the flow of traffic. This is indicated by the significant development of department-store and chain-store branches in the suburbs of many large cities. As the suburbs have developed, branch stores have grown in importance. The manner in which the suburban retail-store pattern has evolved has been described by Allied Stores Corporation as follows:

"As each suburban residential development grew to a size to justify them, small but convenient shopping districts were developed to fill the daily family needs. These needs were originally filled by the small independent retail and service shops. *As communities grew, certain of the chain stores moved in, mostly of the food, drug and variety types.* In most instances, however, neither the original shopping districts nor the individual stores contained therein provided sufficient space and facilities to accommodate the rapid population growth.

"A number of metropolitan department stores established relatively small branches in surrounding suburban communities in the 1930's and early 1940's. Subsequent to World War II, it became apparent that the continued growth of many suburban communities justified a more comprehensive assortment of merchandise than could be offered within the limited facilities of the stores and shops established by these independents and chains or the small department store branches. The development of major branches of the big downtown metropolitan department stores represented a logical answer . . . .

"The primary requirement of a major branch department store is that of adequate automobile parking facilities. Another is that of proximity to other types of stores, giving the customer the convenience of 'one stop' shopping. A major branch of a department store without both of these characteristics is handicapped. Established local shopping districts in the suburbs seldom offer real estate possibilities adequate to meet the needs of a building site plus parking space for several thousand cars." [12] (Italics added)

The trends in recent years have been described in the Harvard Business School studies of department stores and specialty stores as follows:

". . . the findings for 1953 . . . are consistent with those for 1952 and 1951 in practically all respects except the important matter of profits: the number of branches rose: sales in the branches showed a higher rate of increase than in the main stores, though partly at the expense of main store volume

[11] *Editor and Publisher*, June 14, 1952, p. 20.

[12] Allied Stores Corporation, *1951 Annual Report*, for the fiscal year ended January 31, 1952.

> . . . branch stores do cut in to some extent on the volume of the parent store . . . *department store branches need to be looked at primarily as a necessary adjustment to changing modes of American living rather than as an infallible profit bonanza.*" [13]

A similar conclusion appears in the report of 1954 operating results:

> "Branch department store sales in 1954 forged ahead more rapidly than main store sales. Although some part of this gain in branch store volume was made at the expense of parent store sales, nevertheless the combined sales of main stores and their branches were definitely higher than the sales of department stores not operating branches." [14]

It is interesting to note that the branch stores "cut in to some extent on the volume of the parent store" and hence do not represent a net addition to total sales. The large department store that desires to maintain its relative position in the community cannot hope to do so merely because it is large. There is no way by which a customer can be compelled to travel to some downtown area (although under some circumstances he may be induced to make the trip). To obtain his patronage, the department store must make its goods and services *readily available;* that is, it must go to the area where many customers live.

[13] Malcolm P. McNair, *Operating Results of Department and Specialty Stores in 1953*, Harvard Business School, June 1954, pp. 48-49.

[14] Malcolm P. McNair, *Highlights of the Harvard Report*, 1954, p. 3.

Local Factors Determine Prices [15]

Retail stores are businesses that serve the local community. *The main competition of each store—whether chain or independent, large or small—is provided by other stores in the community.* Prices must be set at levels that will not be out of line with those in competing stores in the community.

Retailers watch competitors' prices very closely. The larger stores often have shoppers whose task it is to keep a careful watch on competitors' prices and merchandise offerings.

Duncan and Phillips have reported:

> "R. H. Macy & Company, New York, employs a regular staff of more than 50 shoppers guided by a director and 11 assistants. These shoppers purchase goods for comparison purposes valued at from $250,000 to $500,000 per year. Gimbel's, also of New York, has some 19 shoppers and spends about $50,000 a year. Marshall Field & Company employs 7 people for this purpose; J. L. Hudson employs more than 20, and 4 are employed by a large Los Angeles store." [16]

Safeway Stores, Inc., states its price policy as follows:

> "1. *Give consumers the benefit of savings resulting from our way of doing business by pricing at the lowest point that will yield a reasonable profit.* This would be the sole element of policy if there were no conditions which made

[15] For a discussion of the factors determining retail prices, see Jules Backman, *Price Practices and Price Policies* (New York: Ronald Press Company, 1953), pp. 378-443.

[16] Delbert J. Duncan and Charles F. Phillips, *Retailing Principles and Methods* (Homewood, Illinois: Richard D. Irwin, Inc., 1955), p. 256.

modifications necessary. Because competitors may seek to mislead consumers with 'loss leaders,' we must prevent such practices from permanently injuring our competitive position and endangering the confidence which our customers have in our price structure. Therefore, it also shall be Company policy to:

"2. *Meet the lowest price of every competitor, item by item, day by day, and town by town.* Each town or marketing area must be considered as a separate pricing problem and studied individually to determine what competitive prices must be met.

"Note that this specifically provides for *meeting* the competitor's price, and not leading it, which reflects another element of Company policy, namely, to:

"3. Observe both the letter and spirit of laws making it illegal to commit any act or cut any price 'with intent to injure or destroy competition.'

"4. Maintain a reasonable (at least 15%) mark-up over landed warehouse cost on all fresh fruits and vegetables, except in cases where it is necessary to meet competition, or to move distressed merchandise." [17] (Italics added)

Many chains have a policy similar to that of Safeway Stores; namely, "Meet the lowest price of every competitor, item by item, day by day, and town by town." The local nature of retailing inevitably means that the prices which must be met are those in the geographic shopping areas, not prices in cities located hundreds of miles away.

Local Factors Determine Wages

Wage policy, in general terms, may be determined by the home office of a chain store. But it does not follow that the company is free to set wages for a particular store at any level it may choose. Actually, *the level of retail-store wages—for chains and large and independents alike—is determined predominantly by the peculiar local factors in the community.* This is inevitable because retailers draw overwhelmingly upon the local labor market for their employees. They must compete with the opportunities and working conditions available in other lines of business.

The policy of chain stores is probably well summarized by the following statement which is included in the Personnel Manual of one large firm: "Basic wages are generally paid competitively in line with what the majority of your competition is paying in or around your local community."

Another chain-store policy manual states: "The wage schedule in each community is established based on the cost of living in that community and after comparison with the highest rate paid in competing stores."

The policy of Safeway Stores, Inc., provides that: "In general, minimum wages are determined by the prevailing wage for the same type of work in the same labor market." [18]

[17] *Policies*, Safeway Stores, Inc., October 1952, pp. 43-44. (Italics added.)

[18] *Policies, ibid.*, p. 25.

O. T. Sloan, general manager of Mack's 5, 10 and 25 Cent Stores, North Carolina, told a Subcommittee of the Senate Committee on Labor and Public Welfare: "Although we operate in more than one State, our stores are essentially local in character. We employ local people and pay the prevailing rates for clerical employees." [19]

A published statement of R. H. Macy policy for its Kansas City store states that its success "depends on the character, quality, and morale of its personnel. Therefore, it is the continuing policy of our Personnel Department to pay wages equal to the going rates for the same type of work within the Kansas City area." [20] This policy is in effect at all the R. H. Macy stores.

> "Our wage levels continue to compare favorably with prevailing rates for similar services *in the communities* in which our stores are located. . . . These benefits [fringe] provide conditions of employment (in addition to wages) which also compare favorably with retail industry practices *in the communities* where our stores are located." [21] (Italics added)

The fact that retail wages are locally determined is widely recognized by economists and by the trade. The reasons for local wage determination in retailing and other local industries are well described by Professor John Abersold as follows:

> *"In general, the nature of the product market will determine whether balance need be maintained for the wage structure of a local area ,* a broader geographical area, or throughout the nation. If the market for the product, be it goods or services, is local, payment of a different level of wages in each local product market will have little effect upon the distribution of sales among the markets. If significantly higher wages are paid in laundries in Philadelphia than in New York, for example, and if higher laundry prices are consequently charged in the former city, customers in New York will not send their laundry to Philadelphia. But if higher prices necessitated by higher wages are charged by some laundries in Philadelphia than by others, customer demand will tend to shift to the lower prices. *Consequently it would not be necessary to maintain the same level of hourly rates among the product markets that would be necessary within a single product market.* Among the types of industries serving a local market are restaurants, hotels, department stores, retail shops, bakeries, barber shops, motion picture theatres, local trucking, and the building construction industry." [22] (Italics added)

Professor Leo Wolman has noted:

> "In all but a few cases, the objective of organized labor in the United States and other countries has been national collective bargaining and national contracts . . . *only where industries are essen-*

[19] *Amending the Fair Labor Standards Act of 1938*, Hearings before Subcommittee on Labor of the Committee on Labor and Public Welfare, United States Senate, Eighty-fourth Congress, First Session on S.18, etc., April-May 1955, p. 931.

[20] Reproduced in C. Henry Richert, *Retailing Principles and Practices* (New York: Gregg Publishing Division, McGraw-Hill Book Company, 1954), p. 114.

[21] R. H. Macy & Company, Inc., *Annual Report for the Fiscal Year Ended July 31, 1954*, pp. 8-9.

[22] John R. Abersold, "Problems of Hourly Rate Uniformity," *Industry-Wide Collective Bargaining Series*, University of Pennsylvania Press, 1949, p. 6.

tially local in character do unions deviate from this course. Hence, *in the . . . retail trade . . . bargaining is predominantly local, the labor agreement is restricted to a locality, and the standards of wages and working conditions consummated by the agreement are, likewise, local.*" [23] (Italics added)

An outstanding illustration of this point is found in the contract between the National Association of Retail Meat Dealers and the Amalgamated Meat Cutters and Butcher Workmen of America. According to a United States Department of Labor study, they have a national agreement confined to a broad statement of policy and then note "that local conditions require local treatment and that it is not practical or feasible to include in this agreement the matters of wages, hours, and conditions of employment." [24]

Summary and Conclusion

The predominant characteristic of retailing is its local nature. This is reflected in the type of merchandise offered for sale, price policy, wage determination, nature of labor supply, location of stores, and related factors. The economic characteristics of chain stores are the same as those of independent stores (large and small) despite differences in ownership and in the handling of some servicing operations. The former usually delegate considerable authority to local managers so that they can be readily responsive to local conditions. That even the largest stores must be located close to the customer or the flow of traffic is indicated by the large-scale opening of branches by department stores. The main competition of each store—whether multi-unit or independent, large or small—is provided by other stores in the community and hence prices are set on the basis of local pressures.

Certainly there are advantages to the chain store as compared with the independent store. But these are advantages that facilitate the conduct of retailing, rather than alter the nature of retailing. Many analogies could be drawn. One more will suffice. Whether a store is owned by a corporation, a partnership, or an individual proprietor does not necessarily affect its operation. There are sound reasons for incorporating (limited liability), just as there are good reasons for not doing so (often less tax liability). The legal form of organization does not determine whether the operation is retailing, wholesaling, or manufacturing. That is determined by the nature of a company's operation. Similarly, the local nature of retailing is not determined by whether it is part of a chain or a single store, or whether it is large or small, or whether it has branches or not. It is determined by the services rendered by retailing.

[23] Leo Wolman, "The Area of Collective Bargaining," *Political Science Quarterly*, December 1944, p. 482.

[24] United States Department of Labor, Bureau of Labor Statistics, *Collective Bargaining with Associations and Groups of Employers*, Bulletin No. 897, March 1947, p. 11.

Need for Better Intrastore Co-operation

ROBERT K. OTTERBOURG
Reporter, Fairchild Publications

Change combined with improvement represents one of the basic requirements of progressive and modern retailing. Department stores with an eye to the future feel the need for change and reflect the urgency in various ways. Outside forces—self-service and selection, shopping centers, and discounting, to mention a few—have helped to alter outmoded distribution methods. Department stores face a challenge to maintain their competitive position.

Some retailers seek a solution in stronger and more positive merchandising practices; others look to stricter control methods; still others emphasize heavier sales promotion.

Sales Training in Retailing

John H. Patterson, the late head of Remington Rand, is generally regarded as the originator of modern concepts of sales training. He considered salesmen the weak link in many organizations and strove, through training, to produce a stronger firm, with the end result of larger sales. Mr. Patterson's concepts have not gone without notice in retailing; merchants, in the main, now view training as an integral and vital part of their internal functions.

Many retailers argue that logically training should be located in an "isolated" department. Often the director of such a department is an educator, by experience and choice, rather than a retailer. Thus the merchandising systems he devises may not parallel the selling requirements of the store.

Relation of Training to Sales Promotion

Many training consultants today feel that sales promotion activities and sales training activities should be closely related. When Anne Saum, training consultant, reported to the N.R.D.G.A. Sales Promotion Group on the transfer of training activities to the sales promotion division at Saks 34th, New York, she noted that Saks 34th established a Better Selling Committee, composed of the sales promotion director as chairman, the general merchandise manager, store manager, training director, and the director of better selling. During a one-year period, she said, the liaison of training with sales promotion brought "higher average transactions, increased multiple sales, lowered selling costs—both individual and departmental—more effective supervision and improved morale."

Miss Saum believes that the effectiveness of advertisements, display, giveaways, gimmicks, attractive merchan-

dise, etc., can be negated if the sales training function is not related to the sales promotion function. At a recent meeting of the National Retail Dry Goods Association in Chicago, speaking to several hundred sales promotion executives, she said, "Sales promotion is the only major division of the store which directs its total effort and energy to selling. Yet I seriously doubt if any of you sees the end purpose of your job to be the creation of attention-getting ads, the designing of eye-appealing displays, the production of fashion shows, and other special events, the dissemination of favorable publicity. You know that your real job is selling merchandise to every prospective customer through every legitimate means."

Need for Co-operation

To illustrate the necessity for co-operation between the advertising function and the sales training function, let us assume that the buyer and merchandising manager consult with the advertising director on the mechanics of promoting a line of appliances. They decide on the allocation of the designated budget of the several media for Sunday saturation. The ad is written, illustrated, set in type, and run as scheduled in the two leading Sunday papers. On Monday customers flock to the store for the advertised appliance—and what happens?

Several salesmen are not aware of the advertisements or fail to understand the way the appliance operates. What could have been a volume day fizzles out because of the ineptness of the sales force. Would you place responsibility for this bungling upon the appliance buyer, the divisional merchandise manager, or the advertising department? Probably it rests with all three, in part, but the over-all responsibility for promoting merchandise rests with sales promotion.

In spending the hypothetical 4 per cent of the sales dollar, the sales promotion department cannot separate itself from advertising efforts, saying, once the ad is written, set in type, or transmitted over the airwaves, "Oh well, that's over with." If their efforts fail to bear results, they search honestly and thoroughly for the reasons. And if the responsibility rests with inadequate training or informing of the salesmen, then steps must be taken to correct the deficiency.

Manufacturer Aids in Training Salesmen

In showing personnel the use and advantage of specified products, retailers should not overlook the training aids supplied by manufacturers. Certain manufacturers, especially those in the hard goods field, have long realized the benefits of co-operating with retailers and their sales force with the objective of higher unit sales through better-educated store sales personnel. In addition, trade associations like the Carpet Institute have prepared films, traveling training teams, and presentations for guiding sales personnel.

Manufacturer Salesmen Helpful

Manufacturer salesmen can also be very helpful in informing retail salesmen about the products they display. According to Jean Despres, executive

vice president of Coty, Inc., the "best place to obtain the fullest knowledge of any given merchandise is from its own maker, the manufacturer himself. Most up-to-date manufacturers make available for retail stores and their retail sales personnel informative and interesting bulletins concerning the merchandise of their own make. . . . But there is also another source of merchandise knowledge which in the department store field, at least, is barely tapped today. It may surprise you when I tell you that this source of merchandise information is none else than the manufacturer's salesmen."

Mr. Despres pointed out that salesmen visit buyers and merchandise executives during the work day, but they rarely have the opportunity to address salespeople. On the whole, the salesmen's merchandise knowledge and his enthusiasm for his line reaches sales personnel only indirectly, if at all. On this issue, numerous retailers seem cautious about permitting salesmen to come in contact with their respective sales forces. The reasoning is fundamentally sound: department stores retail an assortment of merchandise. Though they are interested in selling the ABC line, they realize that they also sell the DEF and GHI line too; they can't rely entirely on wholesale training by manufacturers' representatives and must bank on their own training departments.

Mr. Despres suggests, however, that pamphlets and other literature prepared by manufacturers be circulated among the sales force during slack periods; it should not be discarded in the buyer's wastebasket. This, of course, could combine the efforts of the conscientious manufacturer, who has prepared descriptive material, with the desire by the department store to maintain training under its own direction. The majority of the intelligent and progressive industrial firms producing goods for department stores appreciate the potential of adequate training; take a look at the training projects they undertake for their own staff members. The material compiled by such far-sighted manufacturers should be culled and presented to sales personnel.

Why should sales promotion officials be concerned, anyway, with this phase of training? Traditionally they shouldn't be, but if they accept the principle that productive selling coordinates with the sales promotion mission, then they must direct the training program from indoctrinating trainees to distributing manufacturers' brochures. Neglect one link in the sales promotion chain, and the regular advertising devices will fail to achieve the full measure of customer support.

Danger of Present System

It is difficult to obtain unanimous agreement on either the supervisory duties of the sales promotion department or on the mechanics of advertising. Taking a divergent stand at a recent N.R.D.G.A. display conference was Bernice Fitzgibbon, a former Gimbel advertising director and now a consultant, who told the gathering: "You [display directors] are far more important than the advertising department with its public relations and publicity and big, big budget. You are far more important than the advertising director, under whom you probably work. . . .

So what's so wonderful about advertising. With all the fuss and fanfare and gigantic buildup, how much merchandise is moved out through the printed word? Less than 20 per cent."

Miss Fitzgibbon's contention, although voiced by a person who once praised the printed word in almost religious terms, nevertheless is in harmony with retailers who wonder whether their annual advertising budgets really produce the business to offset the expense of the promotions.

Surely it is neither advantageous nor necessary to explain the myriad duties performed by advertising or to vindicate the role played by advertising in gaining sales, but it is of concern to examine some additional underlying developments that plague sales promotion directors.

Advertising Policies

Market experts in retailing believe that advertisements should be geared with extra vigor to developing the reputation of the retail outlet rather than promoting an individual product. Notable in the retail field is Ohrbach's, New York, which steers a straight course with its institutional program. Other department stores similarly employ institutional advertisements; however, they usually reserve the program for community projects, while they promote merchandise with the established formula. Department-store ad men maintain that both systems have merit, but they are reluctant to switch to a new method when the previously used recipe offers a well-rounded diet in the form of higher sales.

In upholding institutional advertising, a consultant in the field outlined the function this way: "Every time you open your mouth in public print, you are representing your store to the people—for better or for worse. And every time you undermine the dignity of the store, every time you exaggerate, you harm the position of the store in the community. . . . You have to say it over and over—that there is more to advertising copy than beating last year's figures. Beating figures and selling merchandise is vital, essential, and important. Don't let anyone think we're underestimating the importance of moving merchandise. But advertising has more to do than that. . . . The store's good will in the community comes first. It is actually five times more important to sell good will than to sell specific merchandise."

M. Seklemian, a New York adviser, who pictured the above situation, continued by saying, "How inviting is your advertising? Is your ad a pleasant, beautiful place? Is it easy to shop in? Is it entertaining? Do your readers love to drop into your copy and browse around? Advertising that caters to the community instead of the merchandising departments will not be achieved, Mr. Seklemian observed, "as long as your budget is cut up and assigned to buyers and they, in turn, are required to use every dime of their money to make their daily volume. As long as that exists, you are going to kick along while every buyer masterminds your advertising job."

The rallying call of Mr. Seklemian's argument centers around the theory that merchandise divisions supervise the advertising section, but this unfortunate situation is not new to retailing.

The buyer, faced with calendar and comparative sales figures, strives for maximum advertising coverage. Even though the buyer might personnally favor store-wide institutional ads over merchandise promotions, the outlook of too many merchants prevents them from formally embracing such promotions. Being judged on the amount of merchandise they sell, buyers must vie for sufficient space to feature their goods; they avoid and malign any projects that sacrifice their department's advertising allowance for store-wide institutional ads.

Recommended Solution

The answer to this situation, which erupts continually into bitter fights between the sales promotion and merchandise divisions, is the creation of separate budgets. One fund would be diverted for the buyer's use, while another amount would remain in control of the sales promotion director. With this divided budget, advertising managers could underwrite community and institutional projects that would not necessarily injure the status of the merchandising divisions. Such a procedure might help to settle the divorce and continuous rupture over which store section controls advertising.

Unfortunately department stores, like so many business groups, perform with a mathematical-statistical breakdown as the governing instrument. The magical 4 per cent traditionally assigned to advertising is distributed with faulty and outmoded objectives in mind. If the television department, for instance, has recorded poor sales during the past six months, then some department stores advance that section's advertising budget in hopes of offsetting the declining business with bonus promotions.

Budd Gore, publicity director for Halle Brothers, Cleveland, in criticizing the rule-of-thumb that business can thrive through increasing advertising of nonproductive sections, declared, "If your buyers are not coming up with the merchandise, with the style, at the price and at the time that customers prefer, replace the buyers. Don't throw good money after poor. For you can promote until the cows come home without success if the customers don't want what you offer for sale. It is far better to face the facts realistically—you can promote efficiently only that merchandise which will sell of its own accord on the floor. You cannot promote merchandise successfully when it won't move of its own accord without advertising."

The profile painted by the Halle Brothers executive, though not an endorsement of institutional advertising, appears as testimony that more attention must be paid to the expenditure of the advertising dollar. With retailers attempting to reduce expenses, stores cannot throw money away; therefore management, and in this instance, the sales promotion director, should be judge and jury over all advertising policy, not just advertising copy and media. Sales promotion should award productive buyers and select merchandise for feature treatment, and simultaneously be given powers to supervise merchandisers who battle vigorously with other store divisions for extra advertising revenue. When intrastore contests occur, one section may benefit,

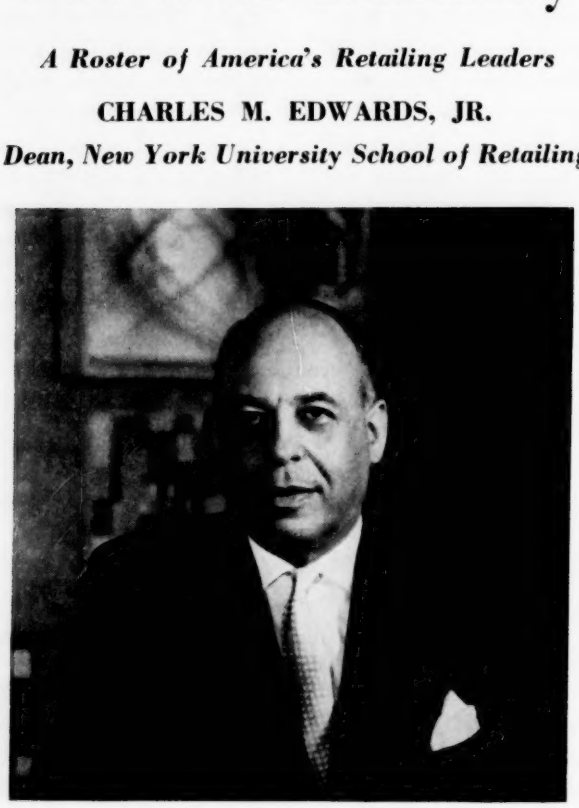
(*Continued on page 198*)

The Honor Roll in Retailing at New York University

A Roster of America's Retailing Leaders

CHARLES M. EDWARDS, JR.

Dean, New York University School of Retailing



Stanley Marcus

For more than thirty years the New York University School of Retailing has been honoring leaders in retailing from all parts of the country by conferring upon them honorary membership in the Alpha Chapter of the Eta Mu Pi Fraternity, the only fraternity of its kind in the field of retailing. Founded in 1922 in the New York University School of Retailing, Eta Mu Pi has grown into a national organization.

In keeping with the high standards to which it has adhered since its establishment, the Alpha Chapter grants honorary membership only to those who have made noteworthy contributions to the ethics, the science, and the practice of retailing.

When it awards honorary memberships to men and women of outstanding accomplishment in retailing, the Alpha Chapter presents to the recipients written citations that summarize some of

the major facts about their achievements. In the belief that the careers of these distinguished merchants will prove interesting and inspiring to its readers, the JOURNAL OF RETAILING *publishes one or more of these citations in each issue. The purpose is twofold: (1) to call well-deserved, wider attention to the attainments of some of the foremost business leaders of our day, and (2) to provide a cumulative source of information about retailers for reference purposes.*

Chosen for recognition in this issue is:

Stanley Marcus

Illustrious citizen of the Lone Star State, Stanley Marcus is almost as well known in the other forty-seven states as he is in his native Texas. Both as a merchant and as a man he has won widespread acclaim for his dynamic leadership in business and for his spirited participation in civic, religious, and educational activities.

Son of a successful merchant, Stanley Marcus was destined by birth, by aptitude, and by inclination to pursue a retailing career. After graduating from Harvard College, he enrolled in the Harvard Business School, intending to stay two years. At the end of the first year, however, he found the lure of retailing too strong. He, therefore, left college to return to Dallas to join the Neiman-Marcus Company. From the start, he demonstrated a keen understanding of the business and exceptional talent as an executive. As a result, he began an upward climb that led him, successively, to increasingly important posts: secretary, treasurer, and director in 1928; merchandise manager of apparel in 1929; executive vice president in 1935; and president in 1950. During all these years he exerted a dominant influence in winning for the Neiman-Marcus Company a world-wide reputation for pre-eminence in fashion, quality, and service.

Despite his primary concern with the affairs of his own store, Stanley Marcus applies himself with vigor and skill to numerous other business interests, among them a bank, an airline, a hotel corporation, and an investment firm. Moreover, he manages somehow to lend his much-sought advice and assistance to more than thirty other local, state, and national organizations—professional, civic, religious, and educational—all of which he serves actively as an officer, a director, a trustee, or a senior adviser.

As a far-sighted businessman and as a public-spirited citizen of his city, his state, and his country, Stanley Marcus has few peers. For his valuable contributions to the numerous enterprises and causes with which he has been identified, he has received well-deserved praise, including the decoration of the French Legion of Honor and the Tobe award for distinguished service to American retailing. To these and other honors that he has won, the New York University School of Retailing is pleased to add its token of commendation.

For his inspiring achievements in developing the Neiman-Marcus Company into one of America's foremost stores and for his unselfish service to many worthy causes in behalf of his fellow merchants and his fellow men,

(*Continued on page 198*)

Retail Operating Ratios

This section continues a special service for retailers, which appears usually in the fall and winter issues of the JOURNAL OF RETAILING. *The purpose is to inform retailers about sources and contents of analysis ratio reports made available to the trade through various channels. In order to make the service as complete as possible, we should appreciate receiving additional reports from any organizations publishing them, as well as information from retailers about the availability of any reports not mentioned here.*

A Manual for Management of Retail Hardware Stores (1955 analysis ratios). Indianapolis: National Retail Hardware Association, 1956, 36 pages. Members, no charge; nonmembers, $5.00.

This *Manual* was based on a survey of members of the National Retail Hardware Association. The number of responses used in the report was 1,109. As in past editions, the results are shown by town size and annual sales volume. Space is provided under each classification so that the store owner can make comparisons between his operational figures and the average.

Sales, expenses, and net profits for 1955 showed an improvement over 1954. Expenses were down for the first time since 1946. The salary expense percentage for these stores was also lower, despite higher actual dollar salaries. Inventory turnover was higher.

There is a trend among hardware stores to departmentalize sales and expenses. Each year more stores keep a monthly account of the profit status, by department. The *Manual* refers to a recommended departmental plan for hardware stores.

Facts in Grocery Distribution (1956 edition). New York: Progressive Grocer, 1956, 23 pages. No charge.

The twenty-third annual *Progressive Grocer* survey points out that 1955 was a turbulent and fast-moving year for the retail food industry. There was direct and sharp competition among supermarkets, evidenced by the spread of stamp plans and retaliation to stamps in the form of price cutting. There is a reported struggle shaping up between supermarkets, whether chain or independent. Their competition with smaller operators has leveled off and they must compete directly with one another. There were more mergers and acquisitions than at any time since the 1920's. Convenience products, such as prepackaged produce and frozen foods, saw increased retailer interest.

Gains in total food sales were 6.9 per cent over 1954, in spite of a 1.5 per cent drop in

retail food prices. The independent showed a 7.2 per cent sales increase; the chain, 6.5 per cent. The share each took of total food sales remains the same—64 per cent for the independent, 36 per cent for the chain. Independent supermarkets went ahead faster than their larger competitors, although both experienced substantial gains in number of outlets and in sales increases in existing stores. *Progressive Grocer* estimates that there are now 12,300 independent supermarkets, an increase of 2,000 over 1954. An estimated 1,260 supermarkets were added by chain organizations in 1955.

The final pages of the report contain various tables such as a retail food price index, markup equivalents for cost and selling price, and number and sales of United States grocery stores by state and total.

Fairchild's Financial Manual (textile, apparel, and related fields). New York: Fairchild Publications, Inc., 1956, 122 pages. $10.00.

This twenty-ninth annual issue of the *Manual* contains the year-end financial statements of over 300 leading organizations in the textile, apparel, merchandising, and related fields. The listings include the reports from department stores, specialty stores, home furnishings stores, variety stores, mail-order houses, apparel and accessories firms, shoe manufacturers, textile corporations, and hosiery and knitwear firms. This year, reports from drugstores are included for the first time.

The financial statements cover net sales and net profits for the past eleven years, statistical summaries, and the number of stores in chain groups. Names of all officers and directors of each organization also are included.

Food Industries Financial Manual. New York: Fairchild Publications, Inc., 1956, 116 pages. $10.00.

This *Manual* was introduced last year as a service to members of the food industries. It contains the year-end financial statements of nearly 300 leading organizations for which such information is available. Reports from leading retail, wholesale, and manufacturing firms are grouped within nineteen classifications, such as groceries, beverages, dairy items, and paper products. New to the *Manual* this year are reports from refrigeration equipment companies.

A table of financial reports of food chains is presented and gives an over-all picture for quick comparison. Net sales and profits are covered for the past ten years, assets and liabilities are broken down for the last two, and a statistical summary is given.

As in the *Fairchild Financial Manual* for the textile and apparel fields, names of officers and directors of each organization, as well as subsidiary companies, are listed.

1955 Operating Statistics (retail jewelry stores survey, operating costs study). New York: American National Retail Jewelers Association, 1956, 31 pages.

The 1955 study continues the current series resulting from the analysis of operating costs in retail jewelry stores throughout the United States. Several new additions have been incorporated, including data on stainlessware and a section of jewelry store statistics by city-size classification. The survey is based on returns from nearly 235 jewelry stores. Of these, 56.4 per cent were the "cash type" jewelry stores. Some 33 per cent of the reporting stores transacted more than half their total business on open or installment credit terms.

In 1955, the retail jeweler was able to show a net profit, after taxes, of 2.7 per cent. This is slightly higher than 1954, but still continues the trend of small profit margins. Sales for the typical store were $89,000 in 1955, a $2,000 increase over 1954. Total operating expenses remained at 39.1 per cent of net sales. The diamond department continues to be the leading sales producer.

1955 Furniture Store Operating Experiences (twenty-third annual re-

port). Chicago: National Retail Furniture Association, 1956, 32 pages. Free, exclusive to N.R.F.A. members.

In 1955 the typical furniture store experienced, for the first time in five years, an increase in its net profit as a percentage of net sales. All size groups showed a marked improvement in net profit: large stores (over $350,000), 5.27 per cent; medium-size stores ($200,000 to $350,000), 5.12 per cent; small stores (under $200,000), 4.36 per cent. Substantial sales increases helped to lower the expense rates for all stores. All three groups had lower total payroll costs in relation to net sales in 1955. Inversely, the productivity of personnel as measured by dollar sales per employee was higher in 1955 than in 1954.

Merchants using this report will be able to make comparisons with their own figures by store size, geographical location, and city size. Blank columns are provided to make the comparisons easier. The last page lists definitions of terms used in the report and a detailed classification of merchandise by department.

Operating Results of Food Chains in 1955, by Wilbur B. England, Bureau of Business Research Bulletin 148. Boston: Harvard University Graduate School of Business Administration, 1956, vi+30 pages. $2.00.

This is the first annual study on the operating results of food chains which has been published by Harvard since 1936. It springs from an exchange of data among 14 chains which the National Association of Food Chains began in 1949. In the third quarter of 1954, this series was taken up on a quarterly basis by the Harvard Business School's Bureau of Business Research under an arrangement with the association. With this 1955 report, the number of co-operating chains has increased to 49.

In the twenty years since the last annual Harvard report, great changes have occurred in retail food distribution: the development and growth of the supermarket and the suburban shopping center, frozen food, more processed and partially prepared foods, and more customers. With this in mind, the report seeks to provide (1) a tool for food-chain management to aid in exercising better control of their operations, and (2) timely and accurate information to business students so that they may obtain greater understanding of the operation of this section of retail distribution. Section IV, "Some Historical Comparisons," presents information on operating results of food chains published by the Harvard Bureau in the late 1920's and early 1930's. This illustrates the magnitude of the changes listed above and how this volume operation allows for lower margins and reduces distribution costs.

In 1955, the 49 participating food chains reported a substantial sales increase over 1954, continuing the upward trend in evidence since World War II. The median gross margin figure for all reporting chains amounted to 17.8 per cent; only minor changes have occurred since 1954. Total expense of 16.8 per cent was reported, with payroll accounting for over 50 per cent of this amount. Large-volume chains and middle-volume chains with large-volume stores produced the most net profit on a median basis. Small-volume chains had a net profit from 20 to 40 per cent less than the other groups. The median stockturn rate for all reporting companies based on the average of the beginning and ending inventories was 15.6 times.

The last seven pages of the report reproduce the schedule used in collecting the data.

Mr. England is professor of business administration in the school's marketing group.

Retail Trade (a current analysis from Standard and Poor's industry surveys). New York: Standard and Poor, October 1956, 6 pages.

This analysis is one of forty-four published regularly on leading industries. It presents the retailer with a picture of the over-all sales outlook for 1956 and early 1957, in relation to disposable income. Department-store sales thus far in 1956 have maintained a gain of approximately 4 per cent over 1955. An

analysis of consumer credit reveals that general merchandisers are expected to place increasing emphasis on credit business. Retail trade statistics and the statistical position of leading stocks are presented in tabular form. In addition, an analysis of twenty-one individual stores is given.

The Lilly Digest (twenty-fourth annual edition of retail drugstore income and expense statements for 1955). Indianapolis: Eli Lilly and Company, 1956.

This 1955 *Lilly Digest* covers a new high of 2,020 statements of income and expense for drugstores. The various operations, representing more than 4 per cent of all independent United States drugstores, include: large volume and small volume, high prescription income and low prescription income, metropolitan location and crossroads hamlet location. As in last year's report, the stores are compared by geographical section.

Average sales of $102,842 are slightly higher than 1954. A small increase of average gross margin to 33.8 per cent and a .2 per cent decrease in average total expense produce an average net profit of 5.6 per cent—.5 per cent over that of 1954. Average annual rate of turnover is 4.0.

There is a steady upward trend in prescription business. By 1955, it has multiplied 7.36 times its 1938 volume. This has compensated for the much slower (2.78 times) rise of nonprescription sales since 1938 and is the basis of the financial success of today's retail drug trade. The report points out, however, the necessity of diversification to the drugstore's survival as a professional servant to the public.

For ease of comparison, the last pages of the report provide a blank form. Each proprietor thus can enter his own figures and check his operation with the appropriate group listed in the *Digest*.

The Super Market Industry Speaks, 1956 (the eighth annual report by the members of Super Market Institute). Chicago: Super Market Institute, 1956.

Three hundred and seventy-one member companies, operating a total of 3,615 stores, participated in this survey. Members of the Institute are representative of all supermarket operations; therefore, the findings of the study may be applied to the industry as a whole.

Retail food prices dropped 2 per cent in 1955 and average sales increased 14 per cent over 1954. Store operating expenses rose at a faster rate than sales. With this ratio higher for the eighth consecutive year, many operators were forced to raise their markups in 1955. Fifty per cent of the companies improved their net profit ratio before taxes, 39 per cent experienced a lower net profit before taxes, and 11 per cent carried the same as in 1954. The rate of new supermarket additions rose from 14 per cent in 1954 to 17 per cent in 1955. Since 1949, the "ideal" supermarket has grown about 50 per cent in store area and nearly tripled its parking space. On the average, operators of new supermarkets aim at a minimum of $33,000 weekly sales volume. Trading stamps are given in 40 per cent of the supermarkets, more than twice the number of a year ago.

This year's report employs new sales-volume breakdowns, in keeping with the growth of the industry.

Book Notes*

The Art of Problem Solving, by Edward Hodnett. New York: Harper and Brothers, 1955, ix+202 pages. $3.50.

Here is a discussion of an activity—problem solving—which plays a very important part in each of our daily lives and which should prove both stimulating and helpful to most people. The volume deals with the subject as both science and art. The thesis is that common procedures (skills that can be developed like any others) underlie all problem solving. The subject matter is organized into four parts: Diagnosis, Techniques, Scientific Approach, and Art. The discussion covers how to ask questions, how to get facts straight, how to find alternatives, how to estimate consequences, how to be logical, and how to find imaginative solutions. Each point is clearly illustrated by an example. Directions for applying the proposed methods to the solution of personal and business problems are included at the end of each chapter.

The author, formerly president of Fenn College, is now professor of English at Ohio University.

Basic Information Sources on Operating Costs and Ratios—Retail Trades and Service Establishments, Business Service Bulletin 50. Washington, D.C.: United States Department of Commerce, 1955, 11 pages. 10 cents.

This bulletin has been prepared for use in connection with inquiries relating to sources of information on operating ratios and their use. A list of those sources that regularly issue current data is given. The beginning pages of the bulletin contain general information on operating ratios, an explanation of their use, appropriate definitions, and examples.

* Unless otherwise noted, Book Notes were prepared by T. D. Ellsworth.

Profit Management and Control, by Fred V. Gardner. New York: McGraw-Hill Book Company, Inc., 1955, x+285 pages. $6.00.

This analysis and explanation of profit graphs and the break-even point are designed to help business managers produce more profits through their practical application. It describes how to co-ordinate capital graphs and profit graphs and to tie them into the basic balance sheet and profit-and-loss statements. It explains break-even points with special emphasis on their use in reaching managerial decisions in various areas, including planning, measuring profit efficiency, determining selling prices, and labor relations. In addition, it tells how to use break-even points in forecasting and determining sound bonus plans for key executives and in educating supervisors and union officials about the impact of cost increases on profits. The explanatory material is amply supplemented with illustrative charts and tables.

Fred V. Gardner is a lecturer at Northwestern University, a consultant on management problems of long standing, and a former top executive in a number of individual firms. Any retailer should find Mr. Gardner's book a worth-while addition to his business library.

Retail Merchandise Accounting, second edition, by Hermon F. Bell. New York: The Ronald Press Company, 1956, ix+473 pages. $12.00.

This volume, representing a complete rewriting and expansion of the earlier edition, is really a handbook on the adaptation of sound accounting theory and practice to the distinctive techniques, procedures, and problems of retail accounting. It covers the many aspects of retail accounting from terminology through budgets and the several methods of inventory evaluation for income-figuring purposes. The methods explained in the text are generally applicable to retail stores of various sizes. The book constitutes a real

contribution to the literature of retailing in that it generally segregates retail accounting activities from other functions of store management and operation.

Mr. Bell is a partner in the accounting firm of Lybrand, Ross Brothers, and Montgomery.

Selling Color to People, by Faber Birren. New York: University Books, Inc., 1956, 219 pages. $7.50.

Faber Birren, noted color authority, demonstrates not only his vast store of technical knowledge about color but also infuses his reverence for color throughout this factual book. How color affects the mass market, how the American public reacts to color, how to use color in developing products, in packaging, in display, and in background surroundings are all topics that the author explores. He also discusses the economic importance of color, when properly used, and its impact on sales. He particularly stresses the need for careful research in determining colors that sell best.

For those interested in the increasingly important field of color television, Mr. Birren has devoted special research to the appeal of color in this medium, the illusions created by proper and improper use of color, the effect of brightness on color, and technical information for the control of color in commercial presentations.

For the person already familiar with basic color harmonies and with the systems for understanding and using color devised by Ostwald, Munsell, and others, this book offers new horizons of knowledge. The author explores the psychological effects of color under varying circumstances, contrasts the color importance of the mass and the high-style market, gives color principles for packaging and interior design, and supplies the reader and student with an excellent reference to the major color systems, dictionaries, and color guides. The book is amply illustrated throughout with charts, diagrams, and halftones.

KAREN R. GILLESPIE

Variety Store Merchandiser 1931-1956, containing a 10-chapter textbook titled *Variety Store Retailing.* New York: Variety Store Merchandiser Publications, August 1956, 336 pages. Paper cover, $2.50; foreign, $4.50. Cloth bound, $5.00; foreign, $7.50.

In the twenty-five years covered by this volume, the variety store has grown from a "5 & 10" to the "department store of the masses." Along with this growth has arisen a need for a "textbook." This publication seeks to fill the need. The editors describe it as a text and basic reference book for those in the field, whether retailer, researcher, student, trainee, or executive. The ten chapters cover all areas necessary to an understanding of the variety-department store. Among these are: store location, buying merchandise, record keeping, personnel selection and training, and merchandising and display. In addition, many chapters include dissertations on new ideas and the directions of future growth. The contributing authors to this issue are rightfully executives in the field. Leading retailing educators lent their assistance.

Chapter I traces the "History and Economic Importance of Variety Stores" beginning with F. W. Woolworth's "5¢ counter" in the 1870's and carrying it through to the present day. Career opportunities in the field are discussed in Chapter II. The book abounds with illustrations, many of them instructive in techniques such as wrapping and display. There are statistical charts and tables tracing trends in sales or analyzing the variety-store market.

DELORES K. BENJAMIN

Better Intra-Store Cooperation
(*Continued from page 189*)

but it is rare that the organization emerges as a more forceful and productive unit.

In his capacity as sales promotion director, the following duties also could fall under his jurisdiction: special events, warehouse sales, trading stamps, and store publicity stunts; the position of public relations; external publicity with the press and local civic and business groups; the choice of media for merchandise and/or institutional ads.

His responsibilities are tantamount to management's general activities, but with rivalry becoming keener among all levels of retailing, the sales promotion director must find novel yet legitimate ways to keep the department store on top as a local retail leader.

Honor Roll in Retailing
(*Continued from page 191*)

the New York University School of Retailing is privileged to confer upon Stanley Marcus honorary membership in the Alpha Chapter of the Eta Mu Pi Fraternity.

Store Press Publicists
(*Continued from page 174*)

have some of their high-priced, trend-setting fashions and home furnishings featured on the women's pages for prestige purposes. Most high-fashion merchandise brings very little customer reaction, but many moderately priced items produce an enthusiastic response from women's page readers. And, whenever reader response to a women's page promotion is substantial, the new fashion is then heavily advertised. Thus, in these instances, women's page publicity serves the store by enabling it to pretest the salability of new merchandise.

Combined Newspaper-Magazine Publicity Campaign

A very recent innovation in retail-store merchandise publicity is the combined newspaper-magazine campaign. The planning and execution of this campaign involves precise timing. While the preparations for the magazine end of the campaign start approximately two months before the press publicity is scheduled to appear, the newspaper carries the story a day or two before the co-operating magazine hits the newsstands.

The joint coronation polka-dot-fabric promotion of a leading New York City department store with the magazine, *Living for Young Homemakers*, is illustrative of the precise timing that is essential to the successful execution of a newspaper-magazine publicity campaign. Since the coronation of Queen Elizabeth II had been set for the summer of 1953, a fabric manufacturer scheduled his promotion of polka-dot fabric for the winter and spring of the same year. The campaign, built around the coronation theme, was planned to break in mid-January.

To meet the January deadline, the editors of *Living* had to start working with the co-operating store on displays and photography during the last week of November 1952. However, press releases and photographs to New York City newspapers were not sent until January 14, 1953, one week before the January edition of *Living* was to

appear on newsstands. This precise timing permitted the New York City newspapers to break the story and for *Living* to spread it throughout the country.

Branch-Store Supervisor

(*Continued from page 165*)

changes in training systems, those respondent stores, which had had branches in operation for some years, had already had time for the "long second look" and planned for still additional facets in their training programs:

"We have positive plans for publishing manuals on operations, procedures, and systems for use in our branch-store training programs; too much in the past has been too casual."

Fourth, they believe their training programs' strong point to be "thoroughness."

When asked to cite what they considered as the *strong points* of their branch supervisory training programs, most respondents emphasized the thoroughness of their programs:

"Our training program has continuity . . . it is based on the actual demands of the shop managers . . . its close association with main-store departments and contact with buyers . . . our seminar method which teaches trainees to think and to make direct application of the problems arising in group discussion."

Fifth, the respondents feel their training programs still contain weaknesses.

On the other hand, *weaknesses* cited by stores as still to be weeded out of their training programs for branch supervisors included:

"Insufficient supervision at times . . . lack of time and ability on part of our buyers to teach . . . no follow up; our informal program does not ensure that a particular supervisor has been adequately indoctrinated."

Sixth, the respondents use many methods of evaluating both training programs and supervisors' job performances.

In order to devise a system to *evaluate* training programs, the stores cited various criteria:

"Allied personnel managers' conference hold yearly comparison . . . results in light of current business trends . . . merit reviews and surveys of program participants (performance and results by statistical reports) . . . personal interviews and consideration of sales related to other branches—rate of increase."

Criteria used in *evaluating performance* of the branch-store supervisors follow similar patterns to those cited in weighing the worth of training programs:

"Individual results of department . . . relationships with buyers concerned—appearance and functioning of areas supervised . . . regular rating sheets . . . job evaluation in all areas, every six months by branch managers, yearly by merchandise vice president . . . sales, merchandising factor profits, attitudes, and morale of department."

Finally, the respondents cite "high cost" of training programs to be the most frequent objection voiced.

In summation of the thoughts of the respondent stores on the seemingly endless task of training personnel adequately to take over and run effectively

departments in branches, the questionnaire contained a final query, "What are the most common objections to branch-store supervisory training made by retail executives?" This question followed one dealing with methods of determining the cost of such training programs which no respondent answered directly. All replies to this question were vaguely worded phrases, such as: ". . . not reduced to an actual figure . . . not considered excessive."

And yet, retail executives cited "high cost" as the most frequently voiced objection by management to the training of branch supervisors. Typical comments were: ". . . too expensive because such training is too time consuming . . . takes supervisors from selling floor . . . costly because of inability to hold potentials after two years' of training . . . too much time away from the job . . . turnover of personnel decreases worth—and time wasted on training the wrong people."

Summary

While many stores have developed, for their branch-store supervisory personnel, training programs which they consider adequate, most respondents said they must still make many adjustments before evolving a truly satisfactory program. Because of the different atmosphere prevailing in their branch stores, respondents tell us, training programs for the branches are designed to emphasize the human relations aspect of supervisory work as well as the practical fields of systems and procedures. The branch-store supervisors, like main-store personnel, should be trained in basic areas such as merchandising principles and arithmetic. Because of the wider range of their functions, however, they should be given more continuous guidance and training. This training, the respondents stated, may be either formal or informal, but it must be constantly adapted to meet the changing problems of the branch-store supervisor.

All stores stated, further, that close liaison between the branch supervisor and main-store management is conducive to efficient operation. Meetings as often as once weekly appear to be the tested and proved means for maintenance of steady, profitable job performance.

While very few of the responding stores considered their training programs adequate in every respect, most stated that a steady expansion of branch operations would eventually result in a curriculum that would do the job. They emphasized that continuous reappraisal of the programs will remain necessary, however, as will experimentation with training devices and courses, plus careful research into the available aids.

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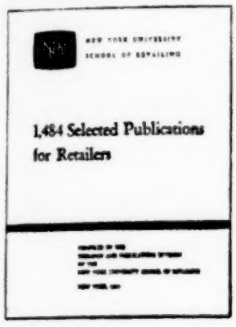

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